

**Statement of House Policy Chairman Christopher Cox**  
Rules Subcommittee on Legislative and Budget Process  
Thursday, March 11, 2004

Madam Chairwoman, thank you very much for convening today's hearing on the most important domestic priority that faces our nation today: controlling government spending.

This year marks the 30<sup>th</sup> anniversary of the Budget Act of 1974, so it is particularly appropriate that we reexamine the Act. My colleagues will note its impact on spending. With your consent, I will submit for the record one paragraph from the Dedication of the Policy Committee's First Session Report for the 108<sup>th</sup> Congress. (Attachment 1.) I will summarize that paragraph. In it, we note that the fourth House Policy Chairman, Representative Barber Conable, passed away last year, on November 30, 2003. He served as Policy Chairman from 1973 until 1977, during the debate over the Budget Act of 1974 and as it was first implemented.

One of the functions of the Policy Committee throughout its 55-year history has been to put our legislative agenda into historical perspective with respect to its consistency with traditional Republican values. Chairman Conable was unique in his ability to do so – so much so that we made a Policy Statement

he drafted in 1975 available to our Members at a Policy Committee meeting with OMB Director Josh Bolten last fall.

In that Statement, analyzing the first test of the Budget Act of 1974, Chairman Conable wrote – quote:

Major legislative efforts are needed to rein in ‘uncontrollable’ items and to establish a new pattern of legislative authorizations and appropriations. The new budget procedure is no panacea, and the First Resolution on the Budget makes it clear that our whole legislative process must be rededicated to a will to govern.

The new budget process, Chairman Conable predicted, would lock “us into a higher tier of uncontrollable spending for future years.” Today, 30 years later, Chairman Conable has proven uncannily prescient.

Our Joint Economic Committee and economists around the world have repeatedly observed in recent years that each additional dollar spent by the government reduces GDP by more than one dollar. Although the estimates of this cost vary, their common theme is that free markets, in which people with financial stakes in the outcomes of spending and investment decisions make decisions, are better at creating jobs than are government monopolies, under which performance incentives are comparatively weak. One need only compare the success of free

markets in the U.S. with the economic failure and high unemployment in nations with larger government sectors, and the utter financial disasters in centrally planned economies, to see that the smaller the chunk the government takes out of the economy, the greater the opportunities for individuals. Controlling government spending would do more to create jobs than any other policy option before Congress.

As we meet here today, our Budget Committee is undertaking a markup of the budget resolution for fiscal year 2005 and beyond. The day of reckoning for the Social Security system is approaching. And some are supporting other increased social spending. Yet the current budget process cannot control spending—not without the addition of real enforcement tools to the Budget Act of 1974. This lack of enforcement is, as the Policy Committee has long held, the flaw that has doomed the existing budget process from the outset.

In fact, even before Chairman Conable issued his critique of the 1974 Act in 1975, Policy Chairman Rhodes had set the better course for us to follow the year before the Budget Act was enacted, in 1973. On March 20, 1973, 31 years ago next week, Chairman Rhodes called for a budget process focused on “total Federal spending.” That, and not merely the so-called discretionary portion of total federal spending, is what should be controlled by the Congressional budget process.

Madame Chairwoman, I have worked on budget process reform ever since President Reagan asked me to organize a task force for the White House in 1986. Our Party has worked on budget process reform since 1972—nearly a third of a century, and two years before the current budget process was adopted.

During my first term in Congress I was a co-chair of a task force on budget process reform that produced legislation sponsored by more than 100 members on the day it was introduced. By the 105<sup>th</sup> Congress, it had more than 200 sponsors.

In one sense, what we are considering today isn't about Republicans or Democrats. It isn't about more spending or less spending. It isn't about higher taxes or lower taxes. It's about doing business properly in an organized way, recognizing the budget constraints that confront us, and helping the federal government to live within those constraints.

To achieve the goal of institutionalized fiscal responsibility, we should use every tool at our disposal. In addition to budget process reform, the Policy Committee is drafting a spending control amendment to the federal Constitution, similar to state amendments enacted with overwhelming voter support in California and Colorado. The strong public support for limits in the states can be the wind at our back as we work for such reforms at the federal level.

Madame Chairwoman, in addition to the budget process reform legislation sponsored by Representatives Hensarling, Chocoma, and Ryan, which I have happily co-sponsored, I will soon reintroduce the shorter bill I most recently carried with 200 co-sponsors. I would like to submit a one-page summary of this bill for the record. (Attachment 2.) These reforms would be a vast improvement over today's badly broken budget process.

Today, there is good news and bad news: The bad news is, we have a \$500 billion budget deficit. The good news is that after too many years, budget process reform is finally under serious consideration. If we had heeded Policy Chairman John Rhodes and Policy Chairman Barber Conable back in the early 1970s, we might not be having this discussion today. But there is no time in life like the present to do the right thing. I'm happy that you've given me the opportunity today to repeat their warnings and to recognize their foresight. Thank you.